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SENATE BILL 695

48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007

INTRODUCED BY

Mark Boitano

AN ACT

RELATING TO TAXATION; AMENDING THE PROPERTY TAX CODE TO  
ELIMINATE THE PROVISION FOR REVALUATION OF RESIDENTIAL  
PROPERTY UPON CHANGE IN OWNERSHIP.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-36-21.2 NMSA 1978 (being Laws 2000,  
Chapter 10, Section 2, as amended) is amended to read:

"7-36-21.2. LIMITATION ON INCREASES IN VALUATION OF  
RESIDENTIAL PROPERTY. --

A. Residential property shall be valued at its  
current and correct value in accordance with the provisions of  
the Property Tax Code; provided that for the 2001 and  
subsequent tax years, the value of a property in any tax year  
shall not exceed the higher of one hundred three percent of  
the value in the tax year prior to the tax year in which the

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1 property is being valued or one hundred six and one-tenth  
2 percent of the value in the tax year two years prior to the  
3 tax year in which the property is being valued. This  
4 limitation on increases in value does not apply to:

5 (1) a residential property in the first tax  
6 year that it is valued for property taxation purposes;

7 (2) any physical improvements made to the  
8 property during the year immediately prior to the tax year or  
9 omitted in a prior tax year; or

10 (3) valuation of a residential property in  
11 any tax year in which

12 [~~(a) a change of ownership of the~~  
13 ~~property occurred in the year immediately prior to the tax~~  
14 ~~year for which the value of the property for property taxation~~  
15 ~~purposes is being determined; or~~

16 (b)] the use or zoning of the property  
17 has changed in the year prior to the tax year.

18 [~~B. If a change of ownership of residential~~  
19 ~~property occurred in the year immediately prior to the tax~~  
20 ~~year for which the value of the property for property taxation~~  
21 ~~purposes is being determined, the value of the property shall~~  
22 ~~be its current and correct value as determined pursuant to the~~  
23 ~~general valuation provisions of the Property Tax Code.~~

24 C. ~~To assure that the values of residential~~  
25 ~~property for property taxation purposes are at current and~~

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1 ~~correct values in all counties prior to application of the~~  
2 ~~limitation in Subsection A of this section, the department~~  
3 ~~shall determine for the 2000 tax year the sales ratio pursuant~~  
4 ~~to Section 7-36-18 NMSA 1978 or, if a sales ratio cannot be~~  
5 ~~determined pursuant to that section, conduct a sales ratio~~  
6 ~~analysis using both independent appraisals by the department~~  
7 ~~and sales. If the sales ratio for a county for the 2000 tax~~  
8 ~~year is less than eighty five, as measured by the median ratio~~  
9 ~~of value for property taxation purposes to sales price or~~  
10 ~~independent appraisal by the department, the county shall not~~  
11 ~~be subject to the limitations of Subsection A of this section~~  
12 ~~and shall conduct a reassessment of residential property in~~  
13 ~~the county so that by the 2003 tax year, the sales ratio is at~~  
14 ~~least eighty five. After such reassessment, the limitation on~~  
15 ~~increases in valuation in this section shall apply in those~~  
16 ~~counties in the earlier of the 2004 tax year or the first tax~~  
17 ~~year following the tax year that the county has a sales ratio~~  
18 ~~of eighty five or higher, as measured by the median ratio of~~  
19 ~~value for property taxation purposes to sales value or~~  
20 ~~independent appraisal by the department. Thereafter, the~~  
21 ~~limitation on increases in valuation of residential property~~  
22 ~~for property taxation purposes in this section shall apply to~~  
23 ~~subsequent tax years in all counties.~~

24 ~~D.]~~ B. The provisions of this section do not apply  
25 to residential property for any tax year in which the property

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1 is subject to the valuation limitation in Section 7-36-21.3  
2 NMSA 1978.

3 ~~[E. As used in this section, "change of ownership"~~  
4 ~~means a transfer to a transferee by a transferor of all or any~~  
5 ~~part of the transferor's legal or equitable ownership interest~~  
6 ~~in residential property except for a transfer:~~

7 ~~(1) to a trustee for the beneficial use of~~  
8 ~~the spouse of the transferor or the surviving spouse of a~~  
9 ~~deceased transferor;~~

10 ~~(2) to the spouse of the transferor that~~  
11 ~~takes effect upon the death of the transferor;~~

12 ~~(3) that creates, transfers or terminates,~~  
13 ~~solely between spouses, any co-owner's interest;~~

14 ~~(4) to a child of the transferor, who~~  
15 ~~occupies the property as his principal residence at the time~~  
16 ~~of transfer; provided that the first subsequent tax year in~~  
17 ~~which that person does not qualify for the head of household~~  
18 ~~exemption on that property, a change of ownership shall be~~  
19 ~~deemed to have occurred;~~

20 ~~(5) that confirms or corrects a previous~~  
21 ~~transfer made by a document that was recorded in the real~~  
22 ~~estate records of the county in which the real property is~~  
23 ~~located;~~

24 ~~(6) for the purpose of quieting the title to~~  
25 ~~real property or resolving a disputed location of a real~~

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~~property boundary;~~  
~~(7) to a revocable trust by the transferor~~  
~~with the transferor, the transferor's spouse or a child of the~~  
~~transferor as beneficiary; or~~  
~~(8) from a revocable trust described in~~  
~~Paragraph (7) of this subsection back to the settlor or~~  
~~trustor or to the beneficiaries of the trust.]"~~

Section 2. APPLICABILITY. -- The provisions of this act  
apply to property tax years beginning on or after January 1,  
2008.